

02/05/00

Monthly Reports

CR



1936168 - R8 SEMS

Operator BROHM MINING CORP.
Op ID 90
Permit No. 462
County Lawrence
Township-Range T4N-R4E
Legal Sections 4, 5, 6, 7, 8, 9; T4N-R4E

Report due: January 1, 1999

INSTRUCTIONS:

- A) All blanks must be completed. Please be as accurate as possible.
- B) Attach a map (not larger than 1:25,000 scale; hand drawn is acceptable if legible) showing all reclamation accomplished and any changes from the originally approved operating and reclamation plans.
- C) Attach a check or money order made payable to the South Dakota Department of Environment and Natural Resources in the amount of \$100 for a Large Scale Mining Permit.
- D) Sign, date, and return this form, the fee, and the map to the Minerals and Mining Program prior to January 1.

- 1) Total acres affected since permit was issued _____
- 2) Acres affected since January 1 of past year _____
- 3) Total surface mining acres disturbed since permit was issued _____
- 4) Surface mining acres disturbed since January 1 of past year _____
- 5) Total acres that have undergone interim reclamation since permit was issued _____
- 6) Acres that have undergone interim reclamation since January 1 of past year _____
- 7) Enter the final reclamation acreage information for each area of your mine site under final reclamation in Table 1. Please refer to the enclosed instruction sheet.
- 8) Acres under reclamation that have been graded but not seeded _____
- 9) Gallons of ground water withdrawn since January 1 of past year _____
- 10) Gallons of surface water withdrawn since January 1 of past year _____
- 11) Tons of ore mined since January 1 of past year _____
- 12) Tons of ore processed since January 1 of past year _____
- 13) Tons of overburden/waste rock mined since January 1 of past year _____
- 14) Ounces of gold produced since January 1 of past year _____
- 15) Ounces of silver produced since January 1 of past year _____
- 16) Pounds of cyanide used since January 1 of past year _____
- 17) Briefly discuss the operational plans for the upcoming year and include any anticipated revisions that might require Department or Board approval.

Signature: _____ Date: _____
Title: _____
Mailing Address: _____ Phone: _____

TABLE 1 - FINAL RECLAMATION ACREAGE WORKSHEET

Area	Final Reclaimed Acres Since Permit Was Issued that Meet Post Mine Land Use	Final Reclaimed Acres Past Year that Meet Post Mine Land Use	Final Reclaimed Acres Since Permit Was Issued that Do Not Meet Post Mine Land Use	Final Reclaimed Acres Past Year that Do Not Meet Post Mine Land Use	Surface Mined Reclaimed Acres that Apply Toward 1997 500 Acre Reclamation Goal (SDCL 45-6B-90)	Total Affected Acres Reclaimed that Apply as Reclamation Credit in 1992 Mining Initiative (SDCL 45-6B-97)
Total						

Operator BROHM MINING CORP.
Op ID 90
Permit No. 439
County Lawrence
Township-Range T4N-R4E
Legal Sections 5, 6, & 8; T4N-R4E

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Signature: _____ Date: _____

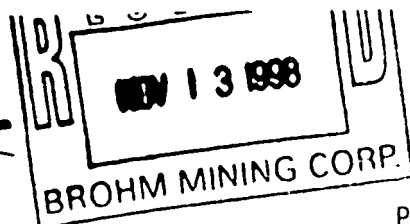
Title: _____

Mailing Address: 2 Gilt Edge Rd Deadwood SD 57732 Phone: (605) 578-2107

TABLE 1 - FINAL RECLAMATION ACREAGE WORKSHEET

[illegible]

South Dakota



**BOARD OF MINERALS
AND ENVIRONMENT**

523 EAST CAPITOL AVENUE
PIERRE, SOUTH DAKOTA 57501-3181
(605) 773-3151 FAX: (605) 773-6035

AGENDA

Meeting of the
Board of Minerals and Environment
Matthew Environmental Education and Training Center
523 East Capitol Avenue
Pierre, South Dakota

10:00 a.m. CST
November 19, 1998

1. Call to order and roll call.
2. Approval of minutes from September 17, 1998 meeting.
3. 10:00 a.m. – Surface mining issues (bond releases, transfer of surety, etc.).
4. 10:15 a.m. – Case No. 7-98 - In the matter of the application of Luff Exploration Company, Denver, Colorado, to extend the duration of a pilot water injection project, Buffalo Field, Harding County, South Dakota.
5. 11:30 a.m. – Other items of business.
6. 12:00 noon – Adjournment.

Note: Scheduled times are estimates only. Some agenda items may be delayed due to prior agenda items, while other items that have not been public noticed or advertised may be moved up on the agenda.

Minutes of the
Board of Minerals and Environment Meeting
Matthew Environmental Education and Training Center
523 East Capitol Avenue
Pierre, South Dakota

September 17, 1998
10:00 a.m. CDT

CALL TO ORDER AND ROLL CALL: The meeting was called to order by Chairman Richard C. Sweetman. Secretary Kathy Johnson noted that a quorum was present.

BOARD MEMBERS PRESENT: Richard Sweetman, Lee McCahren, Kathy Johnson, Wilbert Blumhardt, and Pat Healy.

BOARD MEMBERS ABSENT: Linda Hilde, Chuck Monson, and Brian Radke.

OTHERS PRESENT: See attached attendance sheet.

APPROVAL OF MINUTES FROM AUGUST 20, 1998. MEETING: Motion by McCahren, seconded by Blumhardt, to approve the minutes from the August 20, 1998, Board of Minerals and Environment meeting, as mailed. Motion carried.

SURFACE MINING ISSUES: Mike Cepak was administered the oath by Lee McCahren and testified regarding releases of liability, releases of surety, transfers of liability, acceptance of surety riders, and financial assurance issues (see attached matrix sheet).

Motion by Blumhardt, seconded by Healy, to approve release of liability for REM Company, Custer, SD, EXNI-380, Pennington County, and approve release of liability and \$100 for Henry Bruch & Steve Bestgen, Sturgis, SD, Mine Permit No. 423, Meade County. Motion carried.

Motion by Johnson, seconded by Blumhardt, to approve release of \$2,000 and transfer of liability from Norman & Sons Gravel Sales, Inc., Belle Fourche, SD, Mine Permit No. 93-492, two sites in Butte County, to Lewis Reinhardt Gravel, LLC, Belle Fourche, SD, Mine License No. 98-660; approve release of liability for Pahapesto Township, Carter, SD, Mine License No. 97-631, Tripp County, Todd County Highway Department, Mission, SD, Mine License No. 83-243, Todd County, and Tripp County Highway Department, Winner, SD, Mine License No. 83-89, Lyman County. Motion carried.

Motion by Healy, seconded by Johnson, to accept the following surety riders: Lien Transportation Company, Aberdeen, SD, Mine License No. 84-257, accept rider adding legal descriptions of all of Section 27; T127N-R64W and E1/2 Section 28; T127N-R64W, Brown County and increasing the surety to \$13,000; Dawson Construction, Howard, SD, Mine License No. 83-21, accept rider adding legal description of SW1/4 Section 31; T108N-R55W, Miner County. Motion carried.

Acceptance of Financial Assurance for Wharf Resources

Mr. Cepak reported that this is the annual renewal and adjustment of the financial assurance amount for Wharf Resources. This financial assurance would be to cover costs to the state for responding to and remediating accidental releases of cyanide and other leaching agents. This financial assurance is also known as the cyanide spill bond. It is separate from Wharf Resources' \$2.9 million reclamation bond.

Mr. Cepak noted that Wharf Resources is again submitting financial assurance in the form of a Demand Note based on company net worth in the amount of \$361,500. This amount is \$3,500 more than last year's amount. The increase is due to inflation, as figured by the Construction Cost Index. Mr. Cepak stated that the Demand Note is in the same format as last year's version.

The department recommended the board accept Wharf Resources' Demand Note in the amount of \$361,500 as proof of financial assurance.

Mr. Sweetman asked how the department monitors the net worth of a mining company. Mr. Cepak answered that he had been monitoring it through use of the internet. Wharf is not listed on the internet but Wharf's parent corporation, GoldCorp, is listed. Mr. Cepak noted that in the second quarter of 1998, they had a net worth of \$86 million. He stated that Wharf Resources gives the department a financial update on a quarterly basis.

Mr. Healy stated that he does not understand why the board would accept anything other than a standard insurance bond for Wharf Resources. Since this is a subsidiary corporation, they could drain the assets out of the company very quickly. He commented that it is physically impossible to monitor their net worth.

Discussion took place regarding acceptable forms of financial assurance, Demand Notes and insurance policies.

Chairman Sweetman stated that if the board is uncomfortable accepting Demand Notes as financial assurance, the issue should be taken before the legislature during the next session and request that it be changed.

Mr. Townsend said the board has the discretion to determine which of the allowable types of financial assurance are used. The board has used that discretion in the past. It is all based on the board's perception of risk. In cases where a mining company has good balance sheets in the past, the board has always allowed this type of financial assurance. In cases where there is more risk, for example with Brohm, the board didn't allow this type of financial assurance. Mr. Townsend noted that the board has this discussion every year.

Mr. Townsend reminded the board that this financial assurance is for accidental releases of cyanide and other leaching agents; it is not a reclamation bond.

Chairman Sweetman said the board should not arbitrarily say it is not going to accept this type of financial assurance anymore, however, he questioned whether the board should continue having this as an acceptable form of financial assurance.

Mr. Cepak suggested that if the board is uncomfortable with the Demand Note, the board could accept it, and review it again after three months. This would give Wharf time to obtain some other type of financial assurance.

Mr. Healy said Wharf should either submit a cash bond or an insurance policy as proof of financial assurance.

Mr. McCahren noted that in 1989 when the board started requiring financial assurance for accidental releases of cyanide, there was a different financial atmosphere than there is now. He stated that maybe it is time to review the use of Demand Notes as financial assurance.

Chairman Sweetman said he would like the board to further discuss whether Demand Notes should continue to be used as an acceptable form of surety. The mining companies should also be given a chance to be heard regarding this matter. He suggested the board accept the Demand Note for a period of six months.

Mr. Healy said the board should simply tell Wharf to submit a cash bond.

Motion by Blumhardt, seconded by McCahren, to accept the Demand Note in the amount of \$361,500 based on company net worth for Wharf Resources, with the stipulation that the board will determine within 12 months whether or not this form of financial assurance will be acceptable in the future. The motion failed with Blumhardt, McCahren, and Sweetman voting aye; Healy and Johnson voted no.

Mr. McCahren noted that five affirmative votes are required in order for a motion to pass.

Motion by Blumhardt, to defer action until the next board meeting. The motion died for lack of a second.

Motion by Johnson, seconded by McCahren, to accept the Demand Note in the amount of \$361,500 based on company net worth for Wharf Resources for a term of six months beginning on November 1, 1998 and ending on April 30, 1999, and authorizing Chairman Sweetman to make the date change on the Demand Note before executing the document. Motion carried unanimously.

Chairman Sweetman requested that the department let the mining companies know the board is questioning whether or not a Demand Note is an appropriate form of financial assurance, and that in the future the board may require a different form of financial assurance.

Request to Reduce Financial Assurance for Golden Reward

Mr. Cepak reported that last year Golden Reward's financial assurance was reduced to \$25,000 based on the amount of cyanide remaining in their process ponds. This year the department is recommending a further reduction of the financial assurance, down to zero. The reason for this reduction is that Golden Reward stopped processing ore in 1996. The concentration of cyanide in Golden Reward's process ponds is now less than .01 ppm cyanide, and Golden Reward is no longer storing any bulk cyanide on-site.

Mr. Cepak stated that as the concentration of cyanide has been reduced to very low levels, the risk to the environment from spills or accidental discharges is greatly reduced. Since Golden Reward has no plans to resume processing in the near future, the department believes this reduction is satisfactory. Mr. Cepak said if and when Golden Reward does resume processing, the financial assurance amount will then be readjusted upward. He noted that in 1995, Golden Reward's financial assurance amount was \$334,000.

Motion by Healy, seconded by Johnson, to reduce the Demand Note for Golden Reward Mining Company to zero based on Golden Reward no longer using or storing cyanide at the mine site. Motion carried.

OIL AND GAS HEARING CASE NO. 2-98 IN THE MATTER OF THE APPLICATION OF LUFF EXPLORATION COMPANY FOR A DIRECTIONAL DRILLING PERMIT FOR THE 41-22 OTTERNESS WELL LOCATED IN HARDING COUNTY: Chairman Sweetman turned the gavel over to Mr. McCahren, who had been appointed hearing chairman. Mr. McCahren opened the hearing at 10:50 a.m.

The purpose of the hearing was to consider Case No. 2-98, the application of Luff Exploration Company for a directional drilling permit for the 41-22 Otterness Well located in Section 22, T23N, R5E, BHM Harding County, South Dakota.

Notice of the hearing was published on July 29 and August 5, 1998, in the Pierre Capital Journal, Nation's Center News, Rapid City Journal, and Black Hills Pioneer. Notice was also mailed to interested parties.

No petitions to intervene were filed.

Scott Sumner, attorney from Rapid City, represented Luff Exploration Company. Larry Carrell was administered the oath and testified on behalf of Luff Exploration Company.

Exhibits offered and received for Luff Exploration Company:

Exhibit 1 – Map of Red River Study Area

Exhibit 2 – Section Map Showing Location of 41-22 Otterness

Exhibit 3 – Harding Springs Field Key Items in Field Rules

- Exhibit 4 – Working Interest Division of Interest – Otterness 41-22, Ownership of Record as of September 1, 1998
- Exhibit 5 – Royalty Interest Division of Interest – Otterness 41-22, Ownership of Record as of September 1, 1998
- Exhibit 6 – 41-22 Otterness, Sidewall Neutron Porosity Log
- Exhibit 7 – Well Diagram
- Exhibit 8 – Graph – 41-22 Otterness
- Exhibit 9 – 41-22 Otterness Current Economic Status and Requested Operations
- Exhibit 10 – 3-D Seismic Surveys conducted by Luff
- Exhibit 11 – Map – Color and Contours Represent Red River Structure
- Exhibit 12 – Map – Color Represents Red River “D” Zone Seismic Amplitude, Contours Represent Red River Structure
- Exhibit 13 – 34-31 Otterness Neutron Density Porosity Log
- Exhibit 14 – Drawing Showing Original Plan – High Angle Side Track from Existing Wellbore
- Exhibit 15 – Well Profile Data
- Exhibit 16 – Drawing Showing Revised Plan – Deeper Directional Drilled Departure from Existing Wellbore Using Horizontal Well Technology
- Exhibit 17 – Well Profile Data – Sidetrack to D2
- Exhibit 18 – Reasons for Changing Well Plan
- Exhibit 19 – Impact of Luff’s Request on Designated Spacing Unit and Production Reporting
- Exhibit 20 – Impact of Luff’s Request and Proposed Operations on Related Parties
- Exhibit 21 – Summary, Case No. 2098
- Exhibit A – Red River Structure Contour Interval – 10 feet; Color Indicates Structure
- Exhibit B – Red River Structure Contour Interval – 10 feet; Color Indicates Red River “D” Amplitude
- Exhibit C – Red River Structure Contour Interval – 10 feet; Color Indicates Red River “D” Amplitude
- Exhibit D – Red River “D” Zone Comparison, Cold Turkey Creek Field, Bowman County, ND
- Exhibit E – Sidewall Neutron Log
- Exhibit F – Graph – 1-22 Faris
- Exhibit G – Graph – B-27 State Muslow
- Exhibit H – Graph – K-22 Pang Faris

Fred Steece, Oil and Gas Supervisor, DENR, was administered the oath and testified regarding the application. Mr. Steece said it was his opinion, based on the information submitted by Luff and the evidence presented during the hearing, that a directional drilling permit for the 41-22 Otterness Well should be approved by the board.

Motion by Sweetman, seconded by Johnson, to approve the application of Luff Exploration Company for a directional drilling permit for the 41-22 Otterness Well located in Section 22, T23N, R5E, BHM in Harding County, SD. Motion carried.

Mr. Sumner presented proposed Findings of Fact and Conclusions of Law.

Motion by Healy, seconded by Blumhardt, to adopt the Findings of Fact, Conclusions of Law and order as presented with the exception of: 1) change date in first paragraph of Findings of Fact from September 16, 1998, to September 17, 1998; and 2) delete first sentence in Findings of Fact No. 4 on page 2. Motion carried.

Mr. McCahren declared the hearing closed.

OIL AND GAS HEARING CASE NO. 3-98 IN THE MATTER OF THE APPLICATION OF
PETER K ROOSEVELT FOR AN ORDER ESTABLISHING THE ALKALI CREEK FIELD:

Mr. McCahren opened the hearing at 12:15 p.m.

The purpose of the hearing was to consider the application of Peter K. Roosevelt, Denver, CO for an order establishing the Alkali Creek Field, a new field for the production of oil and gas in Fall River County, SD.

Notice of the hearing was published on July 29 and August 5, 1998, in the Pierre Capital Journal, Nation's Center News, Rapid City Journal, and Black Hills Pioneer. Notice was also mailed to interested parties.

No petitions to intervene were filed.

David Stimack, Landman for Peter K. Roosevelt, was administered the oath by Mr. McCahren. He testified regarding the application and requested board approval.

Fred Steece, Oil and Gas Supervisor, DENR, testified regarding the application. Mr. Steece said it was his opinion that the application could be approved based on the information submitted by the company and the testimony provided during the hearing.

Motion by Johnson, seconded by Blumhardt, to approve the application by Peter K. Roosevelt for an order establishing the Alkali Creek Field, a new field for the production of oil and gas from the Leo Sands of the Minnelusa formation in Fall River County, SD, and designating drilling and spacing units for the field as follows: Township 11 South, Range 1 East, BHM, Sections 28 and 33; and approving the designation of 40 acre drilling and spacing units with wells to be located not closer than 500 feet from the spacing unit boundaries and not closer than 1,000 feet from the nearest well drilling to or capable of oil production from the Minnelusa formation. Motion carried.

Mr. McCahren declared the hearing closed and turned the gavel back over to Chairman Sweetman.

OTHER ITEMS OF BUSINESS

Request Permission to Advertise Amendments to Air Quality Regulations: Jeanne Goodman, Administrator of the Air Quality Program, requested the board's permission to advertise for a public hearing to consider proposed amendments to the air quality regulations.

Board of Minerals and Environment
September 17, 1998, Meeting Minutes

Ms. Goodman discussed proposed changes to the rules. She noted that the department will be working with trade associations, environmental groups, and industry that will be affected by the changes. Ms. Goodman said depending on the timeline, the hearing on proposed changes will take place at the November 1998 or January 1999 board meeting.

Motion by McCahren, seconded by Johnson, to authorize the department to advertise for a public hearing on proposed amendments to the air quality regulations. Motion carried.

Next Board Meeting: Chairman Sweetman noted no agenda items are scheduled for the October board meeting. The board requested staff arrange a tour on October 14 and 15, 1998, in the Black Hills. The board is interested in touring the bentonite fields in Belle Fourche, the reclamation of Whitewood Creek, and other areas in the Black Hills.

ADJOURNMENT: Chairman Sweetman declared the meeting adjourned at 1:00 p.m.

Secretary

Date

Witness

Date

9-98bme.doc

BOARD OF MINERALS AND ENVIRONMENT MEETING

Date 9-17-98

REPRESENTING

Mike Capak	Pierre	Denir
FRED STEELE	RAPID CITY	DENIK
Scott Sumner	Rapid City	Luff Exploration
Gerald McGilivray	Rapid City	DENIK
Larry Carroll	Denver CO	Luff Exploration C
Bob Mercer	Pierre	Rapid City, Tenn
David P. Strimack	DENVER CO	P.K. Bonseveet

South Dakota Board of Minerals & Environment**September 17, 1998**

Operator	Permit	Surety	Surety No.	Surety Company	DENR Recommendation
Release of Liability:					
REM Co. Custer, SD	EXNI-380	NA	NA	NA	Release liability.
	Section 9; T1S-R4E, Pennington County				
Release of Liability & Surety:					
Henry Bruch & Steve Bestgen Sturgis, SD	423	\$100	11695	First Western Bank, Sturgis	Release liability and \$100.
	NE1/4 Section 7; T5N-R6E, Meade County				
Transfers of Liability & Releases of Surety:					
Norman & Sons Gravel Sales, Inc. Belle Fourche, SD	93-492	\$1,500	55-167959	United Fire & Casualty Company	Transfer liability to Lewis Reinhardt Gravel, LLC. Release \$2,000.
		\$500	64722	First National Bank, Pierre	
		\$500	65235		
	W1/2 NW1/4 Section 24; T8N-R2E, Butte County				
	SE1/4 Section 31; T9N-R2E, Butte County				
Transfer to:					
Lewis Reinhardt Gravel, LLC Belle Fourche, SD	98-660	\$5,000	55-171436	United Fire & Casualty Company	
		\$1,500	16825	First National Bank, Pierre	

South Dakota Board of Minerals & Environment**September 17, 1998**

Operator	Permit	Surety	Surety No.	Surety Company	DENR Recommendation
Releases of Liability:					
Pahapesto Township Carter, SD	97-631	NA	NA	EXEMPT	Release liability.
	E1/2 NE1/4 & SE1/4 Section 31; T103N-R78W, Tripp County				
Todd County Highway Department Mission, SD	83-243	NA	NA	EXEMPT	
	NE1/4 Section 6; T38N-R27W, Todd County				
Tripp County Highway Department Winner, SD	83-89	NA	NA	EXEMPT	
	N1/2 Section 17; T103N-R73W, Lyman				
Acceptance of Surety Rider:					
Lien Transportation Company Aberdeen, SD	84-257	\$10,000	0350-13-130378	Employers Insurance of Wausau, A Mutual Company	Accept rider adding legal descriptions of: All of Section 27; T127N-R64W and E1/2 Section 28; T127N-R64W, Brown County and increasing the surety to \$13,000.
Dawson Construction Howard, SD	83-21	\$3,500	U 29 08 14	United Pacific Insurance Company	Accept rider adding legal description of: SW1/4 Section 31; T108N-R55W, Miner County.

South Dakota Board of Minerals & Environment**September 17, 1998**

Operator	Permit	Surety	Surety No.	Surety Company	DENR Recommendation
Acceptance of Financial Assurance:					
Wharf Resources Lead, SD	356, 434, 435, & 464	\$361,500		Demand Note based on company net worth.	Accept Demand Note based on company net worth.
Request to Reduce Financial Assurance:					
Golden Reward Mining Company, LP Lead, SD	450	\$25,000		Demand Note based on company net worth.	Reduce Demand Note to zero based on Golden Reward no longer using or storing cyanide at the mine site.

South Dakota Board of Minerals & Environment**November 19, 1998**

Operator	Permit	Surety	Surety No.	Surety Company	DENR Recommendation
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Release of Liability & Surety:

Gilbert Larson Strandburg, SD	93-489	\$1,000	50799	Farmers & Merchants Bank & Trust, Watertown	Release liability and \$1,000.
	NW1/4 Section 8; T117N-R50W, Deuel				

Releases of Liability:

Darrell's Rock, Sand & Gravel, Inc. Wessington Springs, SD	86-320	\$4,500	159127241	Continental Casualty Company	Release liability.
	SW1/4 Section 17; T109N-R63W, Beadle NE1/4 Section 16; T109N-R64W, Beadle SW1/4 Section 25; T106N-R64W, Jerauld SW1/4 Section 26; T106N-R65W, Jerauld NW1/4 Section 6; T107N-R66W, Jerauld SE1/4 Section 35; T108N-R64W, Jerauld NW1/4 Section 24; T108N-R66W, Jerauld				

Michael J. & Orville J. Johnson Madison, SD	83-201	\$2,500 \$5,000 \$2,000 \$1,000	63977 8410 6519 6756	First Madison Bank, Madison The Farmers State Bank, Estelline Security Bank, Madison	Release liability.
	Lot 2 NE1/4 Section 8; T106N-R52W, Lake				

South Dakota Board of Minerals & Environment**November 19, 1998**

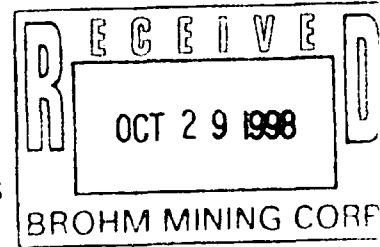
Operator	Permit	Surety	Surety No.	Surety Company	DENR Recommendation
<i>Releases of Liability:</i>					
Quality Sand & Gravel Brookings, SD	98-644	\$500 \$1,000	91537 91658	First National Bank, Brookings	Release liability.
	W1/2 SW1/4 Section 5; T111N-R48W, Brookings				
Rechnagel Construction, Inc. Hurley, SD	83-135	\$10,000	55-122632	United Fire & Casualty Company	Release liability.
	NE1/4 Section 12; T98N-R53W, Turner S1/2 SW1/4 Section 25; T99N-R53W, Turner N1/2 NE1/4 Section 26; T99N-R53W, Turner				
Kenny & Milton Wendelboe Trucking Mitchell, SD	83-136	\$1,000 \$2,000 \$3,500	3760 12781 100776	Fulton State Bank, Fulton First National Bank, Pierre Fulton State Bank, Mitchell	Release liability.
	SE1/4 Section 20; T102N-R60W, Davison				
Jerauld County Highway Department Wessington Springs, SD	83-80	EXEMPT	NA	NA	Release liability.
	SW1/4 Section 25; T106N-R64W, Jerauld				
<i>Exchange of Surety:</i>					
Quality Sand & Gravel Brookings, SD	98-644	\$1,000	81459	First National Bank, Brookings	Exchange CD No. 81459 for CD No. 91658, First National Bank, Brookings, in the amount of \$1,000.

South Dakota Board of Minerals & Environment**November 19, 1998**

Operator	Permit	Surety	Surety No.	Surety Company	DENR Recommendation
Acceptance of Surety Riders:					
Brownlee Construction, Inc. Watertown, SD	89-393	\$8,000	54-40062	United Fire & Casualty Company	Accept rider adding legal descriptions of: N1/2 NW1/4 Section 35; T118N-R54W, Cordington and NW1/4 Section 11; T117N-R50W, Deuel
Rechnagel Construction, Inc. Hurley, SD	83-135	\$10,000	55-122632	United Fire & Casualty Company	Accept rider removing legal descriptions of: NE1/4 Section 12; T98N-R53W, Turner and N1/2 NE1/4 Section 26; T99N-R53W, Turner

AGENDA

**BOARD OF WATER AND NATURAL RESOURCES
Floyd Matthew Training Center
523 East Capitol
Pierre, SD
November 12-13, 1998**



November 12, 1998

1:00 p.m. CST

1. Call Meeting To Order
2. Approve Agenda
3. Approve Minutes of September 23-24, 1998 Meeting
4. Deferral of Section 319 Funding Applications - Tim Bjork

1:15 p.m. CST

5. Public Hearing to Adopt 1999 Drinking Water SRF IUP and Clean Water SRF IUP and Amend 1995-1999 Clean Water Project Priority List- Mike Perkovich
6. Black Hills Hydrology Study Grant Amendment - Laurie Gates
7. James River WDD Grant Agreement - Laurie Gates
8. T-M Rural Water District Intercreditor Agreement - Heather Forney

2:00 p.m. CST

9. SWRMS/WEF Funding Recommendations - Jim Feeney

3:30 p.m. CST

10. 1999 State Water Plan Applications - Jim Feeney

November 13, 1998

8:30 a.m. CST

11. Draft SRF Rules Revisions - Mike Perkovich
12. Brandon DW SRF (01) Loan Application - Jim Wendte/Heather Forney
13. Mina Lake DW SRF (01) Loan Application - Jim Wendte/Heather Forney

9:15 a.m. CST

14. Set Consolidated Water Facilities Construction Program Loan Rates - Jim Feeney
15. Waubay Solid Waste Amendment - Gayleen Lowe
16. Spencer Consolidated Amendment - Jim Wendte
17. North Sioux City Assumption of McCook Lake Sanitary District Consolidated and SRF Loans - Heather Forney

10:00 a.m. CST

18. MBE/WBE Availability Analysis Contract - Mike Perkovich
19. Rural Community Hardship Grant Program Memorandum of Agreement - Mike Perkovich
20. Approve Draft DW and CW SRF Annual Reports - Heather Forney
21. Other Business
22. Adjourn

Minutes of the
Board of Water and Natural Resources Meeting
Floyd Matthew Training Center
523 East Capitol Avenue
Pierre, SD

September 23-24, 1998

September 23, 1998, 1:00 p.m. CDT

CALL MEETING TO ORDER: The meeting was called to order by Chairman Steve Lowrie. A quorum was present.

BOARD MEMBERS PRESENT: Steve Lowrie, Dale Kennedy, Gregg Greenfield, John Loucks, Roger Larsen, and Don Bollweg.

BOARD MEMBERS ABSENT: Jerry Kleinsasser.

OTHERS PRESENT: See attached attendance sheets.

APPROVE AGENDA: Jim Feeney pointed out changes to the agenda.

Motion by Greenfield, seconded by Kennedy, to approve the agenda as amended. Motion carried.

APPROVE MINUTES OF JULY 22, 1998 MEETING: Motion by Loucks, seconded by Greenfield, to approve the minutes of the July 22, 1998, Board of Water and Natural Resources meeting. Motion carried.

DIVISION UPDATE: Mr. Feeney noted that Mr. Templeton's division update had been included in the board packets. He asked if any of the board members had questions regarding the written update. None of the board members asked questions.

WATER DEVELOPMENT DISTRICT AND MAJOR PROJECT UPDATES: Mr. Feeney updated the board on Perkins County RWS, Lewis & Clark RWS, and Fall River RWS. Pat Cerny and Cheryl VanZee, South Central WDD; Darrell Raschke, James River WDD; Jay Gilbertson, East Dakota WDD; and Dave Hauschild, Central Plains WDD, reported on the activities of their respective districts. Mr. Hauschild also provided an update on SD Water Congress activities.

ELK POINT CONSOLIDATED GRANT AMENDMENT: Keith Gestring reported that on June 2, 1995, the board awarded a \$50,000 CWFCP grant, #96G-1029, to the city of Elk Point for an \$833,900 water storage and distribution system improvement project. The project was for the construction of a 300,000-gallon storage tank and the installation of eight- and ten-inch water mains in the northeast section of Elk Point.

On May 28, 1997, the grant was amended to reflect a change in the project's construction schedule. The construction of the water storage tank was rescheduled for July or August 1998. The water mains were to be installed in 1997. The city requested that the project scope be revised to only cover the installation of the water lines and to include engineering costs for the project. The estimated project cost was revised to \$388,000. The grant percentage was increased from 6% to 12.9% to reflect the change in the project scope and extended to June 22, 1998.

Installation of the water lines began in the spring of 1998. Construction of the tank and installation of the water mains is now substantially complete. The city expects all the work specified in the June 1998, grant agreement to be completed this fall.

The city is now requesting an increase in the grant percentage from 12.9% to 17.8%. The percentage increase will allow the city to access grant funds for eligible project costs incurred prior to the grant expiration date. Mr. Gestring noted that the balance of the grant is \$13,700.

Virgil Barrett, city of Elk Point, discussed the project and requested board approval of the amendment.

The staff recommended approval of increasing the grant percentage from 12.9% to 17.8%.

Motion by Kennedy, seconded by Bollweg, to adopt Resolution # 98-76 approving an amendment to the grant percentage for Consolidated Grant #96G-1029 to 17.8% of approved total project costs and not exceeding \$50,000. Motion carried.

SOLID WASTE MANAGEMENT PROGRAM FUNDING DECISION FOR CITY OF CORSICA: Mr. Gestring reported that at the June 25, 1998, board meeting the funding recommendation for the city of Corsica's grant application for construction of a restricted use site was deferred until the city could obtain a site. The city has since purchased a site and submitted a permit application. The city is now requesting action on the grant application.

Mr. Gestring noted that the total project cost has increased from the initial application estimate of \$29,000 to \$38,650. The increase is due to the land acquisition cost.

The staff recommended awarding a grant for up to 60% of the total project cost not exceeding \$23,200.

Don Star, Mayor of Corsica, and Rod Miller, city of Corsica, discussed the project and requested board approval of funding.

Motion by Loucks, seconded by Larsen, to adopt Resolution # 98-77 approving the South Dakota Solid Waste Management Program grant agreement between the state of South Dakota and the city of Corsica for a grant up to 60% of the approved total project cost and not exceeding \$23,200 for the purpose of constructing a restricted use site. Motion carried.

1998 STATE WATER PLAN APPLICATIONS: Water projects which will require state funding or need state support of categorical grant or loan funding need to be included on the State Water Facilities Plan. The board establishes the plan annually at its November meeting. Projects arising during the year may be amended onto the plan quarterly.

Jim Feeney reported that the department has received an application from the city of Lead requesting to be amended onto the 1998 State Water Facilities Plan. The Lead project will construct storm sewer, sanitary sewer, water distribution mains, and curb and gutter as a part of a highway reconstruction project.

The staff recommended amending the project onto the 1998 State Water Facilities Plan.

Motion by Kennedy, seconded by Greenfield, to amend onto the 1998 State Water Facilities Plan the city of Lead project to construct storm sewer, sanitary sewer, water distribution mains, and curb and gutter. Motion carried.

CONSOLIDATED FUNDING APPLICATIONS: Mr. Feeney stated that the department received two applications for Consolidated Water Facilities Construction Program grants. He noted that \$1,163,000 is available for this funding round. Mr. Feeney presented the applications and the department recommendations for funding.

The town of Artesian requested a \$410,000 consolidated grant for wastewater collection improvements; total project cost is \$1,027,000. Mr. Feeney said there is a possibility that the \$400,000 remaining in the EPA Construction Grants Program could be used for this project. Although it is discouraged by EPA, the department has learned that the Construction Grants Program does permit new awards. Mr. Feeney requested the board defer its funding decision on the consolidated application until the November or December meeting. In the meantime, staff will check into the use of Construction Grants Program funds for this project.

Vickie Fridley, President of the town board, explained the project and the need for funding. She agreed with the staff recommendation of deferring the funding decision until it is determined whether or not Construction Grants Program funds can be used for the project.

Mr. Feeney said if the staff is successful in moving forward with the Construction Grant for Artesian, the board will have to amend the Clean Water Intended Use Plan.

The town of Hermosa requested a \$200,000 consolidated grant for a municipal water distribution improvement project; total project cost is \$530,000. The staff recommended awarding a grant of up to \$175,000 with the condition that the town apply for Drinking Water SRF funds.

Greg Palmer, Black Hills Council of Local Governments, and Steve Hammer, town board president, discussed the project and requested board approval of funding.

This concluded review of the Consolidated Water Facilities Construction Program applications. The board made its funding decisions the following day of the meeting.

SECTION 319 FUNDING APPLICATIONS: Tim Bjork reported that DENR received 12 applications for 319 funding assistance. Mr. Bjork said it is anticipated that at least \$1,253,790 will be received from EPA for 319 projects. Congress has not yet appropriated the funding and has been discussing funding increases for this program.

The Nonpoint Source Task Force reviewed and ranked the applications at their September 17, 1998, meeting. Mr. Bjork presented the projects as ranked by the Nonpoint Source Task Force. He noted that the Board of Water and Natural Resources considers the recommendations of the Nonpoint Source Task Force and determines which applications have sufficient merit to be forwarded to EPA for consideration.

Mr. Bjork requested that the board review, approve a funding amount, and prioritize the projects that are to be forwarded to EPA for consideration. He noted that the sponsors of the Pelican Lake Watershed Project have withdrawn their application. Project sponsors provided information on their projects and answered questions from the board.

The following is a list of the 319 projects with their requested funding amounts in the order in which the Nonpoint Source Task Force ranked them.

<u>319 Project as Ranked by NPS Task Force</u>	<u>319 Grant Request</u>
1. Lake Mitchell Watershed/Firesteel Creek Amendment	\$342,000
2. BMPs for Manure Phosphorus Loading	\$534,018
3. Grand River Watershed Assessment/TMDL Development	\$33,076
4. Lakes Cochrane and Oliver Assessment/TMDL Development	\$43,404
5. Bad River Phase III Amendment	\$350,000
6. Moccasin Creek Assessment	\$66,420
7. Site Specific Farming Demonstration Trials	\$86,236
8. BMP Demonstration for Control of Stormwater Runoff to Rapid Creek	\$56,965
9. Lower Rapid Creek TMDL Development	\$45,855
10. Whitewood Creek Demonstration Project	\$177,050
11. Management Zone Based Precision Farming	\$513,000

Motion by Loucks, seconded by Larsen, that the board defer its decision on ranking and funding until the following day of the meeting. Motion carried.

Chairman Lowrie declared the meeting in recess until 8:30 the following morning. The board and staff then toured the Pierre recycling and disposal operations.

SEPTEMBER 24, 1998, 8:30 A.M. CDT

Chairman Lowrie called the meeting back to order.

CAPACITY ASSESSMENTS PRESENTATION: Andrea Griesse, Drinking Water Program, reported that the 1996 Safe Drinking Water Act amendments include requirements for states to obtain authority to prevent new community and nontransient noncommunity water systems that lack technical, managerial, and financial capacity from operating beginning October 1, 1999.

Failure to do so will result in a 20% loss of the capitalization grant used to fund the Drinking Water State Revolving Fund loan program. Legislation was passed and signed by the Governor in 1998 that provides the department with the authority to promulgate rules outlining the requirements new water systems must meet in order to demonstrate adequate capacity. The hearing for these rules will be held on September 30, 1998, in Pierre.

Ms. Griese provided a slide presentation explaining new water system capacity assurance. She also provided the audience with copies of proposed rules, Chapter 74:04:09 - Capacity Requirements for New Community and New Nontransient Noncommunity Water Systems.

GEOGRAPHIC INFORMATION SYSTEM (GIS) BASE MAPS PRESENTATIONS: Tim Cowman, SD Geological Survey, provided a briefing on GIS Base Maps and explained the different types of digital mapping products.

GIS software is currently being used by several departments in state governments. DENR, Game, Fish and Parks, and Agriculture are using GIS to integrate natural resources data. These departments, along with the other agencies that make up the GIS Steering Committee have identified a need for GIS base map coverage for the entire state. Once the base maps are obtained, more state agencies will be able to begin using GIS.

CONSOLIDATED FUNDING DECISIONS: Mr. Feeney reviewed the applications and staff recommendations for funding.

Motion by Kennedy, seconded by Greenfield, to defer the funding decision for the town of Artesian. Motion carried.

Motion by Greenfield, seconded by Larsen, to adopt Resolution # 98-78 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the state and the town of Hermosa for a grant up to 33% of approved total project costs and not exceeding \$175,000 for the purpose of replacing its water distribution system. The grant is conditioned upon the town of Hermosa applying for a Drinking Water SRF loan. Motion carried.

MID-DAKOTA RWS GRANT TIME EXTENSION: David Ryan reported that in October 1994, the board approved a grant to the Mid-Dakota RWS for \$1,000,000. The original agreement has been amended four times over the past four years to add annual legislative appropriations to the total. During a recent review of the amended agreement, it was noted that the section containing the time limit for the funds to be drawn had not been amended. The section provides that the funding is available for four years or until the project was completed, whichever is first.

The project is now approaching the four-year limit and therefore a time extension is needed. Mid-Dakota has approximately \$2.1 million remaining to be drawn from this grant. Mr. Ryan presented a resolution and grant amendment which will provide the necessary time extension to allow all of these funds to be used on the construction of the Mid-Dakota project. He noted that the fifth amendment to the Water and Environment Fund agreement has been drafted by

department staff and reviewed by the Attorney General's office. Approving this amendment will provide the Mid-Dakota RWS with an additional four years to draw the remaining funds.

The staff recommended approval of the resolution and grant amendment.

Kurt Pfeifle, Manager of the Mid-Dakota RWS, discussed the project and requested board approval of the amendment.

Motion by Loucks, seconded by Kennedy, to adopt Resolution # 98-79 approving the South Dakota Water and Environment Fund fifth amendment to the grant agreement between the state and Mid-Dakota Rural Water System. Motion carried.

SECTION 319 FUNDING DECISIONS: Tim Bjork reviewed the projects and recommendations of the Nonpoint Source Task Force.

Motion by Larsen, seconded by Greenfield, to defer the funding decisions until the next board meeting for Lake Mitchell Watershed/Firesteel Creek Amendment and Bad River Phase III Amendment; and to approve funding as requested for Grand River Watershed Assessment/TMDL Development - \$33,076; Lakes Cochrane and Oliver Assessment/TMDL Development - \$43,404; Moccasin Creek Assessment - \$66,420; BMP Demonstration for Control of Stormwater Runoff to Rapid Creek - \$56,965; and Lower Rapid Creek TMDL Development - \$45,855; and to not submit the following projects to EPA: BMPs for Manure Phosphorus Loading; Site Specific Farming Demonstration Trials; Whitewood Creek Demonstration Project; Pelican Lake Watershed Project; and Management Zone Based Precision Farming. The motion carried.

SET SRF INTEREST RATES FOR FFY 1999: Pursuant to ARSD 74:05:08:18 and 74:05:11:17 the board shall set SRF interest rates annually for each fiscal year based on the following criteria: 1) current market rates, 2) rates secured on state issued matching funds, and 3) current demand for program funds. Current interest rates are at 4.5% for 10 years, 5% for 15 years, and 5.25% for 20 years.

Mr. Feeney reported that staff evaluated the interest rates based on the criteria set forth in the rules. Following are the conclusions: 1) present market rates are lower than they were last year, 2) the revenues generated from the current interest rates are more than sufficient to meet our semi-annual bond payments, and 3) there is estimated to be \$20.5 million in Clean Water SRF and \$12.8 million in Drinking Water SRF funds available once the FFY 1999 Cap grants and match are in place. These factors indicate that SRF rates should be reduced in order to maintain the program's competitiveness with other financial assistance programs and lending institutions. The staff recommended setting the 1999 SRF interest rates at 4.5% for 10 years, 4.75% for 15 years, and 5.0% for 20 years with a 1% administrative fee component as part of each rate.

Staff has discussed the possibility of waiving the administration fee charged on the first \$250,000 of loan money received by communities that participate in the Municipal Water Pollution Prevention (MWPP) Program. Jim Wendte explained the MWPP Program. He noted that the Clean Water SRF administrative rules would have to be amended in order to permit the administration fee waiver.

Board of Water and Natural Resources
September 23-24, 1998 Meeting Minutes

Mr. Feeney and Mr. Wendte answered questions from the board.

Motion by Kennedy, seconded by Greenfield, to authorize staff to prepare and initiate proposed rule changes for the waiving of a portion of the administration fee for MWPP participation, permissive changes to allow interest rates adjustments during the program year, and other clean-up changes that are needed in the Drinking Water and Clean Water SRF rules. Motion carried.

Motion by Greenfield, seconded by Loucks, to adopt Resolution # 98-80 setting the Federal Fiscal Year 1999 interest rates for State Water Pollution Control Revolving Fund Program at 4.5% for 10 years, consisting of 3.5% interest and 1% administrative expense surcharge; 4.75% for 15 years, consisting of 3.75% interest and 1% administrative expense surcharge; and 5% for 20 years, consisting of 4% interest and 1% administrative expense surcharge. Motion carried.

Motion by Greenfield, seconded by Loucks, to adopt Resolution # 98-81 setting the Federal Fiscal Year 1999 interest rates for the Drinking Water State Revolving Fund Program at 4.5% for 10 years, consisting of 3.5% interest and 1% administrative expense surcharge; 4.75% for 15 years, consisting of 3.75% interest and 1% administrative expense surcharge; and 5% for 20 years, consisting of 4% interest and 1% administrative expense surcharge. Motion carried.

APPROVAL OF BOARD MEMBER CONFERENCE EXPENSES: Motion by Kennedy, seconded by Bollweg, to reimburse John Loucks for expenses incurred while attending the Peaks to Prairies Conference, September 27-30, 1998, in Rapid City. Motion carried.

OTHER BUSINESS

RESCIND DRINKING WATER SRF LOAN FOR CITY OF BRANDON: Mr. Feeney reported that the board approved a \$1,600,000 Drinking Water SRF loan for the city of Brandon in February 1998. The department received a letter dated September 14, 1998, informing staff that the loan had never been closed and due to changed circumstances it was necessary for the city to withdraw its application for the loan. The city requested the board rescind the loan.

Motion by Greenfield, seconded by Larsen, to adopt Resolution # 98-82 which rescinds Resolution # 98-08 approving the loan to the city of Brandon. Motion carried.

WASTE TIRE DISPOSAL: Discussion took place on the disposal of waste tires and how grant funding has been used to assist in this effort.

NEXT MEETING: The next board meeting is scheduled for November 12-13, 1998, in Pierre.

ADJOURN: Chairman Lowrie declared the meeting adjourned.

Board of Water and Natural Resources
September 23-24, 1998 Meeting Minutes

Approved this 12th day of November, 1998.

(SEAL)

Chairman, Board of Water and Natural Resources

ATTEST:

Secretary, Board of Water and Natural Resources

9-98bwnr.doc

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE 9.23.98

LOCATION Matthew Training Center

Name (PLEASE PRINT)	Address	Representing
James Feeney	Pierre	DENR
Virgil Barrett	City of Elk Point	PO-280
Mark Rubida	Box 280	City of Elk Point
Jay Gilbertson	Brookings	EDWDD
GAT CERNY	Burke	South Central WAA
Charles Van Zee	Corsica	SCWDD
Earl Chescon	Chester	E. D. W. D.
FRP Bill Cerny	BURKE	Leg. Oversight
Jerry Thelen	Ft. Pierre, SD	BRWDP
Clint Caldwell	Ft. Pierre, SD	Stanley County Soil Cons.
Rob Miller	Corsica, SD	City of Corsica
Don Star	Corsica, SD	Mayor City of Corsica
David Hauschild	Pierre	Water Congress Central Plains WAA
David Ryan	Paim	DENR
Keith Gustafson	Pierre	DENR
Steve Hammer	Hermosa, SD	Town of Hermosa
Laurie Gates	Pierre	DENR
Danell Paschke	Duron	TRWDP
Jim Wendte	Pierre	SD DENR
John T. Loucks	Rapid City	SD BWRNR
Tim Bork	PIERRE	DENR

BOARD OF WATER AND NATURAL RESOURCES ATTENDANCE SHEET

DATE 9-24-98

LOCATION Matthew Training Center

Name (PLEASE PRINT)

Address

Representing

Kurt Pfeifle

Miller, SD

Mid-Dakota RWS

Pat Kueck

Pierre

ENVIROMED

Scriptor Frank Klauke

u Scotland

Leg Oversight

Wayne Houtz

Piene

DENR

Laurie Gates

Pierre

DEWR

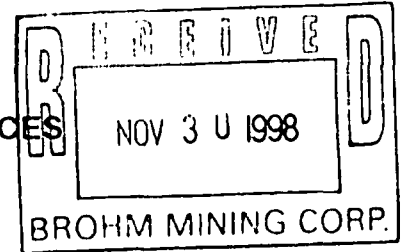
Jim Anderson

Pine

DENR

AGENDA

BOARD OF WATER AND NATURAL RESOURCES
Floyd Matthew Training Center
523 East Capitol
Pierre, SD
December 9-10, 1998



December 9, 1998

1:00 p.m. CST

1. Call Meeting to Order
2. Approve Agenda
3. Water Development District/Major Project Updates

1:30 p.m. CST

4. Section 319 applications - Tim Bjork

2:15 p.m. CST

5. Source Water Assessment and Protection Plan - Anita Yan

2:45 p.m. CST

6. Black Hills Hydrology Study Update - Van Lindquist

3:30 p.m. CST

7. Solid Waste Funding Applications - David Ryan

4:30 p.m. CST

8. Value Added Agriculture Presentation - Jon Farris, Department of Agriculture (tentative)

December 10, 1998

8:30 a.m. CST

9. Public Hearing on Clean Water and Drinking Water SRF Rules - Mike Perkovich

8:45 a.m. CST

10. Video - "Protecting Our Water: Livestock Confinement Regulations in South Dakota"

9:15 a.m. CST

11. Clear Lake Drinking Water SRF Loan Application - Gayleen Lowe/Dave Ruhnke
12. Hermosa Drinking Water SRF Loan Application - Jim Anderson/Heather Forney
13. Solid Waste Funding Decisions - David Ryan

10:00 a.m. CST

14. 1998 Annual Report/1999 State Water Plan - Laurie Gates
15. Other Business
16. Adjourn

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE Dec. 10, 1998

LOCATION Matthew Training Center

Name (PLEASE PRINT)

Address

Representing

Heather Forney

Pierre

DENR

Andrea Giese

"

"

David Ruhnke

"

"

Bruce Jacobson

Pierre

SPPA

Gayleen Lowe

Pierre

DENR

Laurie Gates

Pierre

DENR

Jimmy Hilton

Rapid City

City of R. City

~~Doreen~~ Roschke

Union

TRWD

Dennis A. Davis

SF

SD Rural Water

Leif Labadie

Pierre

DENR

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE Dec. 9, 1998

LOCATION Matthew Training Center

Name (PLEASE PRINT)

Address

Representing

Jim Anderson

Pierre

SD DENR

Greg Palma

Rapid City

Butler

Ted Pichay

Aberdeen

NECOG

Jon Farris

Pierre

SDDA

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE Dec. 9, 1998

LOCATION Matthew Training Center

Name (PLEASE PRINT)	Address	Representing
Laurie Gates	Pierre	DENR
Christi Cabball	Pt. Pierre	Stanley G. Soil Cons.
MICHAEL STROBIE	RAPID CITY	USGS
John Deppe	Mitchell	Lower James R'd
Duane Murphy	Pierre	DENR
MIKE PERKOVICH	"	"
George F. Wendt	Lake Andes	SCWDD
Wm. L. "Garry" Gould	Lake Park	SCWDD
Gene D. Williams	P.O. Box 2, Interior SD	JACKSON Cons. District
Jay T. Gilbertson	Brookings	EDWDD
Bruce Jacobson	Pierre	SODA
Wayne Houtcamp	Pierre	DENR
Danell Paschke	Huron	IRWDD
Pat Kuck	Pierre	DENR
Bob & Pauline Strait	Lake Poinsett	LPWPD
Gayleen Lowe	Pierre	DENR
Wynne Zunschlag	Melrose	Walworth Co.
Dary Byrne	Glenora	WALWORTH CO.
Jimmy Hutton	Rapid City	CITY OF RAPID CITY
Jerry Moore	Winnon, S.D.	AMERICAN CREEK CONS. DIST. LYMAN COUNTY

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE Dec. 9, 1998 LOCATION Matthew Training Center

Name (PLEASE PRINT)

Address

Representing

John T. Loucks	R.C.	BWNR
Earl Acheson	Chester.	E. O. W. D. D.
Van A. Lindquist	Rapid City	West Dakota Water DP
Dail Templeton	Pierre	DENR
Lowell Noesh	Pierre	NRCS
Jim Stake	Kadoka	WBDP
Don Williams	MT VERNON	FIRESTEEL WT. S&D
Jerry Thelen	Pierre	BRWGP
Steve McClure	Mitchell	Firesteel/Wake/Mitchell
Robert H. Weger	GROTON	NEW DEAL TIRE
David Ryan	Pierre	DENR
Cliff Ross	Philip	Jackson Co. Concrete Pct.
Rod Voss	Kadoka	NRCS
Donni Kallamryn	Pierre	SDDENR
Tim Bork	PIERRE	DENR
James Feeney	Pierre	DENR
Bill CERNY	BURKE	LEG. OVERSIGHT
Heather Forney	Pierre	DENR.
PAT CERNY	Burke	S Central W & D
Jim J. B. B.	Pierre	DENR

Board of Water and Natural Resources
December 9 - 10, 1998 Meeting Minutes

Motion by Greenfield, seconded by Loucks, to approve Resolution \$98-100 approving a grant for Walworth County in the amount of \$85,200 with the condition that the tires be delivered to a tire derived fuel production facility, that any future revenues from tires received be dedicated to the disposal of waste tires, waive the standard attorney's opinion, and also include previous costs. Motion carried.

Motion by Greenfield, seconded by Loucks, to deny funding for Weber Dairy. Motion carried.

1998 ANNUAL REPORT/1999 STATE WATER PLAN: Laurie Gates presented the 1998 Annual Report and the 1999 State Water Plan. In accordance with South Dakota Codified Law, the board is required to present the Annual Report and State Water Plan to the State Legislature and the Governor by the first day of the legislative session. The Annual Report provides a narrative on the board's 1998 funding activities and includes tables detailing the expenditures from the Water and Environment Fund. The 1999 State Water Plan includes projects on the State Water Facilities Plan and the State Water Resources Management System, the board's recommended funding levels for SWRMS projects, and a Water and Environment Fund special condition statement.

Motion by Larsen, seconded by Greenfield, to approve the 1998 Annual Report and the 1999 State Water Plan as presented. Motion carried.

NEXT MEETING: The next board meeting will be January 14, 1999, which will be held via RDTN.

ADJOURN: Chairman Lowrie declared the meeting adjourned at 9:30 A.M.

Approved this 14 day of January, 1999.

(SEAL)

Chairman, Board of Water and Natural Resources

ATTEST:

Secretary, Board of Water and Natural Resources

interest for a 20-year term contingent upon the environmental review process being completed, receiving the Form 4700-4 back from EPA, and upon the resolution authorizing the sale of the bond becoming effective. Motion carried.

SOLID WASTE FUNDING DECISIONS: Mr. Ryan stated that the staff recommends special conditions be placed on each of the grants. For all five waste tire applicants that funding be provided only for clean-up of tires that go to tire derived fuel. Also for the three public entities, that any future revenues received at their facilities from the collection of waste tires be dedicated to the disposal of the tires and that the standard attorney's opinion be waived.

The staff recommendation for the city of Bison is to approve a grant for \$500 subject to the three special conditions.

The staff recommendation for Douglas King is to approve a grant for \$12,000 and no loan funding subject to the tires going to a tire derived fuel facility.

The staff recommendation for the city of Martin is to approve a grant for \$4,875 subject to the three special conditions.

The staff recommendation for Oakleaf Rubber Company is to approve a grant for \$61,200 subject to the tires going to a tire derived fuel facility.

The staff recommendation for Walworth County is to approve a grant for \$85,200 subject to the three special conditions.

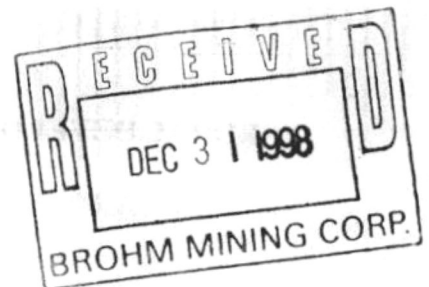
The staff recommendation for Weber Dairy, Milbank is no funding.

Motion by Greenfield, seconded by Larsen, to approve Resolution #98-96 approving a grant for the city of Bison in the amount of \$500 with the conditions that the tires be delivered to a tire derived fuel production facility, that any future revenues from tires received be dedicated to the disposal of waste tires, and waive the standard attorney's opinion. Motion carried.

Motion by Larsen, seconded by Greenfield, to approve Resolution #98-97 approving a grant to Douglas King in the amount of \$12,000 with the condition that the tires be delivered to a tire derived fuel production facility and no funding for a loan. Motion carried.

Motion Greenfield, seconded by Loucks, to approve Resolution #98-98 approving a grant for the city of Martin in the amount of \$4,875 with the conditions that the tires be delivered to a tire derived fuel production facility, that any future revenues from tires received be dedicated to the disposal of waste tires, and waive the standard attorney's opinion. Motion carried.

Motion by Loucks, seconded by Greenfield, to approve Resolution #98-99 approving a grant for Oakleaf Rubber Company in the amount of \$61,200 with the condition that the tires be delivered to a tire derived fuel production facility. Motion carried.



AGENDA

BOARD OF WATER AND NATURAL RESOURCES

January 14, 1999

Meeting will be conducted over RDTN*

January 14, 1999

9:00 a.m. CST

1. Call Meeting to Order
2. Approve Agenda
3. Approve Minutes of November 12-13, 1998 Meeting
4. Approve Minutes of December 9-10, 1998 Meeting

9:15 a.m. CST

5. Missouri River Issues – John Hatch

9:45 a.m. CST

6. DENR Legislative Update – Dave Templeton
7. Bison Emergency State Water Plan Application – David Ryan
8. Bison Consolidated Water Facilities Construction Program Application – David Ryan
9. Harrisburg Consolidated Water Facilities Construction Program Time Extension – Gayleen Lowe
10. State Revolving Fund Audit Requirement Amendment – Heather Forney

10:45 a.m. CST

11. Section 319 Applications – Tim Bjork

11:30 a.m. CST

12. Other Business
13. Adjourn

***NOTE: A list of the RDTN stations being used for this meeting is printed on the reverse side of this agenda.**

RURAL DEVELOPMENT TELECOMMUNICATIONS NETWORK SITES

BOARD OF WATER AND NATURAL RESOURCES MEETING

January 14, 1999
9:00 A.M. CST – 12:00 P.M. CST

State Capitol Building
500 E. Capitol
Pierre, SD

SD School of Mines & Technology
501 E. Saint Joseph Street
Classroom Building, Room 107
Rapid City, SD

Southeast Technical Institute
2301 Career Place
Mickelson Building, Room 205
Sioux Falls, SD

Lake Area Technical Institute
230 11th St. NE
Administration Building, Room 125
Watertown, SD

Minutes of the
Board of Water and Natural Resources Meeting
Floyd Matthew Training Center
523 East Capitol Avenue
Pierre, South Dakota

November 12-13, 1998

NOVEMBER 12, 1998 - 1:00 P.M. CST

CALL MEETING TO ORDER: The meeting was called to order by Chairman Steve Lowrie. A quorum was present.

BOARD MEMBERS PRESENT: Steve Lowrie, Dale Kennedy, John Loucks, Don Bollweg, Gregg Greenfield, and Jerry Kleinsasser.

BOARD MEMBERS ABSENT: Roger Larsen

OTHERS PRESENT: See attached attendance sheets.

APPROVE AGENDA: Dave Templeton asked that the agenda be amended by moving agenda item 7 after agenda item 9.

Motion by Kennedy, seconded by Bollweg, that the agenda be approved as amended. Motion carried.

DIVISION UPDATE: Introduced Terri LaBrie, a new staff member who will be working closely with Laurie Gates. Jim Wendte has accepted a position with the Waste Management Program.

APPROVE MINUTES OF THE SEPTEMBER 23-24, 1998, MEETING: Motion by Kennedy, seconded by Loucks, to approve the minutes of the September 23-24, 1998, Board of Water and Natural Resources meeting. Motion carried.

DEFERRAL OF SECTION 319 FUNDING APPLICATIONS: Tim Bjork asked that consideration of the Section 319 applications, Bad River Watershed Project and the Lake Mitchell Watershed Firesteel Creek Project, be deferred until the December meeting.

Motion by Loucks, seconded by Greenfield, to defer Section 319 Funding Applications until the December meeting. Motion carried.

PUBLIC HEARING TO ADOPT 1999 DRINKING WATER SRF IUP AND CLEAN WATER SRF IUP AND AMEND 1995-1999 CLEAN WATER PROJECT PRIORITY LIST: Chairman Lowrie opened the public hearing at 1:15 p.m. CST.

The purpose of the hearing is to consider the adoption of the 1999 Drinking Water State Revolving Fund Intended Use Plan and 1999 Clean Water State Revolving Fund Intended Use Plan and amend the 1995-1999 Clean Water Project Priority List.

Mike Perkovich gave the board a summary of the changes made to the Clean Water SRF IUP and Clean Water Project Priority Listing. Mr. Perkovich discussed the reasons for amending the IUP and Project Priority Listing.

Motion by Loucks, seconded by Kleinsasser, to approve the Clean Water SRF IUP and the 1995-1999 Clean Water Project Priority List as presented. Motion carried.

Mr. Perkovich gave the board a summary of the changes made to the Drinking Water SRF IUP. Mr. Perkovich stated that the reason for the changes was due to receiving \$340,000 more on the capitalization grant and the other area of change is in regards to the set-aside activities. Lake City, Kingbrook, and Aurora/Brule have been deleted and Sioux Falls received additional points and the project description has been changed. Funding dates on some of the projects have been changed.

Motion by Kleinsasser, seconded by Kennedy, to approve the Drinking Water SRF IUP as presented. Motion carried.

Chairman Lowrie declared the hearing closed at 1:30 p.m.

BLACK HILLS HYDROLOGY STUDY GRANT AMENDMENT: Laurie Gates stated that the board and the West Dakota WDD entered into a grant agreement on May 28, 1997, for \$210,000. The proposed First Amendment to the Grant Agreement will obligate the additional \$210,000 state appropriation to increase the total grant amount to \$420,000 and will extend the term of the Agreement.

The staff recommended approval of the resolution and execution of the First Amendment to the Grant Agreement with West Dakota Water Development District. Van Lindquist made comments and handed out a budget summary to the board.

Motion by Greenfield, seconded by Kleinsasser, to approve Resolution #98-83 and execute the First Amendment to the Grant Agreement. Motion carried. Loucks abstained from voting.

T-M RURAL WATER DISTRICT INTERCREDITOR AGREEMENT: Heather Forney presented history on T-M Rural Water District Intercreditor Agreement. T-M Rural Water District is proceeding with a new expansion project. As part of the funding for this expansion, the District intends to borrow an additional \$537,600 from the USDA Rural Utilities Service. The District is requesting that the Board consent to granting the new debt parity with the amounts owed under the Construction Loan Agreement. Staff recommended approval of this action.

Ted Berson from T-M added a few comments.

Motion by Kennedy, seconded by Greenfield, to approve Resolution #98-84 to allow the new debt parity with the amounts owed under the Construction Loan Agreement. Motion carried.

STATE WATER RESOURCES MANAGEMENT SYSTEM FUNDING

RECOMMENDATIONS: Dave Templeton reported that the Board of Water and Natural Resources annually provides recommendations to the State Legislature and Governor regarding deletions, additions, and retention of projects on the State Water Resources Management System (SWRMS).

Mr. Templeton presented the following list of projects currently on the SWRMS list: Bad River Watershed Project, Belle Fourche Irrigation Project, Big Sioux Flood Control Project, Black Hills Hydrology and Water Management Study, Brennan Reservoir, CENDAK Irrigation Project, Fall River County Rural Water System, Gregory County Pumped Storage Site, James River Restoration, Lake Andes-Wagner/Marty II Irrigation Unit, Lewis & Clark Rural Water System, Mid-Dakota Rural Water System, Mni Wiconi Rural Water System, Perkins County Rural Water System, Sioux Falls Flood Control Project, Slip-Up Creek, Upper Big Sioux Watershed Project, and Vermillion Basin Flood Control Project.

Staff recommended approval of a resolution recommending that the SWRMS list remain the same with no deletions or additions.

Motion by Greenfield, seconded by Kennedy, to adopt Resolution #98-85 recommending to the State Legislature and the Governor that all water resources projects currently on the State Water Resources Management System be retained as preferred, priority objectives of the State of South Dakota. Motion carried.

WATER AND ENVIRONMENT FUND FUNDING RECOMMENDATIONS: Mr. Templeton reported that the board annually reviews applications from projects requesting to be placed on the State Water Facilities Plan and the projected funding needs of projects on the State Water Resources Management System (SWRMS) component of the State Water Plan. The board also conducts a public meeting to take statements from all interested parties regarding water development funding needs. Additionally, a board resolution is developed to make specific recommendations to the Governor and the State Legislature on Water and Environment Fund funding levels for individual SWRMS projects, the consolidated program, and the solid waste management program. The board's recommendations developed through this public process provide a basis for the Governor's preparation and the Legislature's consideration of the annual Omnibus Water Funding bill.

Bad River Watershed Project requested \$118,750. The department recommended funding in the amount of \$525,000, which is the balance of the authorized state cost share. The \$525,000 level would fully fund the project and the project sponsors could use this funding as match for the Section 319 grant that they have received or will receive in the future. This would complete the funding commitment that was authorized by the Legislature for the project.

Motion by Kleinsasser, seconded by Bollweg, that the board accept staff recommendation of \$525,000 for the Bad River Watershed Project. Motion carried.

Black Hills Hydrology and Water Management Study requested \$200,000. The department recommended funding in the amount of \$275,000, which will complete state funding of the Black Hills Hydrology portion of this project. The project is scheduled to be completed by December, 2000.

Van Lindquist stated that the Black Hills Hydrology Study appeared to be coming in under budget. The data collection work is done and now the interpretation of that work is being done. The final phase will be putting the analysis into documents. The staff recommendation is to combine the funding for 1999 and 2000 and put it into one funding package. This will put into place the final element to ensure the completion of the hydrology study. The information collected from the hydrology study will help with the Source Water Assessment project currently being done by the State.

Motion by Kennedy, seconded by Greenfield, that the board accept staff recommendation of \$275,000. Loucks abstained from voting. Motion carried.

Fall River Rural Water System Project requested \$800,000. The department recommended funding in the amount of \$800,000, that will complete the state cost share commitment to the project.

Leonard Benson stated that their application had originally been for \$50,000 in matching funds for future planning. Because of an offer from USDA, an amendment was submitted to the application changing it to \$800,000 that was authorized in 1995. The federal authorization bill was signed into law on November 3, 1998.

Motion by Greenfield, seconded by Kleinsasser, that the board accept staff recommendation of \$800,000. Motion carried.

James River Restoration Project requested \$840,000. The departments recommended funding in the amount of \$100,000. James River currently has \$470,000 that is either under contract or has been appropriated by the Legislature. With the \$470,000 and the additional \$100,000 that the staff recommends, James River should be set for the foreseeable future. The James River Water Development District also has significant funding from other sources at this time.

Darrell Raschke stated that when the James River WDD board asked for the \$840,000 it was for match money for the authorization that was in Congress. This was before they had knowledge of the Governors \$6 million project. Mr. Raschke stated the James River WDD board will be happy with the \$100,000.

Motion by Kennedy, seconded by Loucks, that the board accept staff recommendation of \$100,000. Motion carried.

Lake Andes-Wagner/Marty II Irrigation Project requested \$70,000. In the spring of 1997, the Department and the Board approved putting \$75,000 under agreement. The Department met with the project sponsors and told them to do what was necessary to make the dollars last for three years which would go through the spring of 2000. With that understanding, the staff recommendation is for no additional funding at this time.

Leo Holzbauer made comments on the statement made by the Department that the \$75,000 was to be budgeted for three years. The project has been working with the Bureau of Reclamation to reprogram some funding for the project. This funding would be the cost share part of the agreement with Reclamation. Mr. Holzbauer answered questions from the board.

Motion by Loucks, seconded by Kleinsasser, to defer action until the following day. Motion carried.

Lewis and Clark Rural Water System Project requested \$50,000 to continue their authorization efforts. The department recommended funding in the amount of \$50,000.

Pam Bonrud reported on the progress made by the project this year. The project passed the Senate Energy and Natural Resources Committee in October. Ms. Bonrud stated that the General Accounting Office is conducting a study to look at the funding options for the Lewis and Clark project. Ms. Bonrud also stated that they were working with the East Dakota Water Development District for funding in helping members meet their cost share for the next year. Ms. Bonrud answered questions from the board.

Motion by Kennedy, seconded by Greenfield, to accept the staff recommendation of \$50,000. Motion carried.

Mni Wiconi Rural Water System Project requested \$1,500,000 (loan). This project is progressing well and the department recommended funding in the amount of \$1,500,000 (loan).

Mike Kurle provided an update on the project and discussed the workplan for the project. Mr. Kurle answered questions from the board.

John Madden provided information on the budget for the project. Mr. Madden answered questions from the board.

Motion by Kleinsasser, seconded by Bollweg, to accept staff recommendation of \$1,500,000 (loan). Motion carried.

The total SWRMS request is for \$3.58 million. The staff recommendations total \$3.25 million. The department projects that there will be \$6.2 million available for water project funding and \$1.345 million available for solid waste activities in FY2000. The department recommended an appropriation of \$2.75 million for the Consolidated Program and \$1.345 million for the Solid

Waste Management Program. With the SWRMS and the Consolidated funding recommended amounts, a balance of \$190,000 is projected at the end of FY2000 (June 30, 2000).

Dave Hauschild, South Dakota Water Congress, mentioned that the State Municipal League had passed a resolution asking that the Solid Waste Management Program's 50 percent recycling minimum be done away with. The Municipal League would like to talk to the department and Governor about changing this mandated 50 percent minimum.

Action on the Consolidated Program was deferred to the following day.

Motion by Greenfield, seconded by Bollweg, to accept the staff recommendation of \$1,345,000 for the Solid Waste Management Program. Motion carried.

JAMES RIVER WATER DEVELOPMENT DISTRICT GRANT AGREEMENT: Dave Templeton stated that the James River Water Development District asked to withdraw their request to put the \$250,000 appropriated in the 1998 Omnibus Bill under contract.

1999 STATE WATER PLAN APPLICATIONS: Mike Perkovich stated that water projects which will require state funding or need state support for categorical grant or loan funding must be included on the State Water Facilities Plan (Facilities Plan) component of the State Water Plan. The Board of Water and Natural Resources annually approves projects to be placed on the Facilities Plan. Once a project is on the Facilities Plan, it is on for two years. Mr. Perkovich noted that board approval of the projects on the Facilities Plan is contingent upon attendance at one of the State Water Plan meetings with department staff. We ask that the meeting be waived on some of these projects because the staff and project sponsors have been in continuous contact. Placement on the Facilities Plan is not a guarantee of funding.

Mr. Perkovich and Mr. Ryan presented the State Water Plan applications and the staff recommendations. Project sponsors discussed their projects and answered questions from the board.

Applicant	Project	Board Action
Aberdeen	Water Treatment Plant Improvements	Motion by Kennedy, seconded by Greenfield, to place Aberdeen on Facilities Plan. Motion carried.
Artesian	Wastewater Collection Improvements	Motion by Bollweg, seconded by Greenfield, to place Artesian on Facilities Plan and waive the meeting. Motion carried.
BDM Rural Water System	BDM RWS Expansion Project Phase II	Motion by Kleinsasser, seconded by Greenfield, to place BDM RWS on Facilities Plan and waive the meeting. Motion carried.
B-Y Water District	Treatment Plant Expansion	Motion by Kleinsasser, seconded by Bollweg, to place B-Y Water District on Facilities Plan. Motion carried.
B-Y Water District	Bon Homme County Expansion	Motion by Loucks, seconded by

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		Kleinsasser, to place B-Y Water District on Facilities Plan. Motion carried.
B-Y Water District	Northwest Hutchinson County Expansion	Motion by Kennedy, seconded by Greenfield, to place B-Y Water District on Facilities Plan with the condition that B-Y supply to the department a detailed cost estimate from the engineer at or before the required meeting. Motion carried.
Bryant	Water Distribution System Improvements	Motion by Greenfield, seconded by Kleinsasser, to place Bryant on Facilities Plan. Motion carried.
Clear Lake Restoration	Clear Lake Watershed and Lake Restoration	Motion by Kennedy, seconded by Kleinsasser, to place Clear Lake Restoration on Facilities Plan and waive the meeting. Motion carried.
Columbia	Wastewater Treatment Facility Upgrade	Motion by Kleinsasser, seconded by Kennedy, to place Columbia on Facilities Plan. Motion carried.
Conde	Water Distribution and Storage Improvements	Motion by Loucks, seconded by Kleinsasser, to place Conde on Facilities Plan. Motion carried.
Davison Conservation District	Firesteel Creek Watershed Project	Motion by Kennedy, seconded by Loucks, to place Davison Conservation District on Facilities Plan and waive meeting. Motion carried.
Dell Rapids	Wastewater Treatment Facilities	Motion by Kennedy, seconded by Greenfield, to place Dell Rapids on Facilities Plan. Motion carried.
Delmont	Wastewater Pond Repair and Reconstruction	Motion by Greenfield, seconded by Kleinsasser, to place Delmont on Facilities Plan. Motion carried.
East Gregory RWS	Water System Improvements	Motion by Kleinsasser, seconded by Kennedy, to place East Gregory RWS on Facilities Plan. Motion carried.
Fort Pierre	Wastewater Facility Expansion	Motion by Greenfield, seconded by Kleinsasser, to place Fort Pierre on Facilities Plan and waive meeting. Motion carried.
Freeman	Sewer Main Improvement Project	Motion by Loucks, seconded by Kleinsasser, to place Freeman on Facilities Plan. Motion carried.
Gregory	Water Improvement Project	Motion by Kennedy, seconded by Kleinsasser, to place Gregory on Facilities Plan for the storage booster station improvement and data acquisition system. Motion carried.
Harrisburg	Wastewater Treatment Facility	Motion by Greenfield, seconded by Kennedy, to place Harrisburg on Facilities Plan and waive meeting. Motion carried.
Highmore	Water Tower Project	Motion by Bollweg, seconded by Kleinsasser, to place Highmore on

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		Facilities Plan. Motion carried.
Hughes County Cow/Spring Creek	Water System Upgrade	Motion by Greenfield, seconded by Kennedy, to place Hughes County Cow/Spring Creek on Facilities Plan. Motion carried.
Isabel	Replace Watermains, Fire Hydrants, Valves and Other Appurtenances	Motion by Kennedy, seconded by Bollweg, to place Isabel on Facilities Plan. Motion carried.
Kingbrook RWS	1998 Additions	Motion by Kleinsasser, seconded by Greenfield, to place Kingbrook RWS on Facilities Plan. Motion carried.
Lake Poinsett Sanitary District	Completion of Wastewater Collection and Treatment	Motion by Kennedy, seconded by Bollweg, to place Lake Poinsett SD on Facilities Plan. Motion carried.
Lane	Water Well	Motion by Bollweg, seconded by Kleinsasser, to not place Lane on Facilities Plan. Motion carried.
Lane	Water Distribution System Upgrade	Motion by Bollweg, seconded by Kleinsasser, to not place Lane on Facilities Plan. Motion carried.
Montrose	Main Street Water Line Rehabilitation	Motion by Loucks, seconded by Kennedy, to place Montrose on Facilities Plan. Motion carried.
Northern Hills Community Development	Deadwood Hill Utility Infrastructure Project	Motion by Loucks, seconded by Kleinsasser, to place Northern Hills Comm. Development on Facilities Plan. Motion carried.
Platte	Sanitary Sewer System Renovation	Motion by Kennedy, seconded by Kleinsasser, to place Platte on Facilities Plan. Motion carried.
Randall Community Water District	Transmission Line and Distribution Project	Motion by Kennedy, seconded by Kleinsasser, to place Randall Community WD on Facilities Plan and waive meeting. Motion carried.
Rapid Valley Sanitary District	Refinance of the Sanitary Sewer Rehabilitation Project	Motion by Loucks, seconded by Kennedy, to place Rapid Valley SD on Facilities Plan and waive meeting. Motion carried.
Scotland	Wastewater Line Relocation Project	Motion by Bollweg, seconded by Kennedy, to place Scotland on Facilities Plan. Motion carried.
Scotland Lake Henry Association	Relocation of Lake Henry Dam	Motion by Greenfield, seconded by Kleinsasser, to place Scotland Lake Henry Assoc. on Facilities Plan. Motion carried.
Sioux Falls	Drinking Water Facility Improvements	Motion by Bollweg, seconded by Kennedy, to place Sioux Falls on Facilities Plan and waive meeting. Motion carried.
Sioux Falls	Wastewater and Storm Sewer Facility Improvements	Motion by Kennedy, seconded by Kleinsasser, to place Sioux Falls on Facilities Plan and waive meeting. Motion carried.

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Sioux Rural Water System Inc.	1999 Additions	Motion by Loucks, seconded by Greenfield, to place Sioux RWS on Facilities Plan. Motion carried.
T-M Rural Water District	1998 Phase 3 Capital Improvements	Motion by Kennedy, seconded by Greenfield, to place T-M RWD on Facilities Plan and waive meeting. Motion carried.
Tripp	Water Line Replacement Project	Motion by Greenfield, seconded by Bollweg, to place Tripp on Facilities Plan. Motion carried.
Tripp Co. Water Users District	Gregory County System Expansion Project	Motion by Kleinsasser, seconded by Kennedy, to place Tripp Co. Water Users District on Facilities Plan. Motion carried.
Tyndall	Water System Improvements	Motion by Kennedy, seconded by Kleinsasser, to place Tyndall on Facilities Plan and waive meeting. Motion carried.
Vermillion	1998 Lime Sludge Disposal Project	Motion by Kennedy, seconded by Bollweg, to place Vermillion on Facilities Plan. Motion carried.
Volin	Water Main Improvement Project	Motion by Kleinsasser, seconded by Greenfield, to place Volin on Facilities Plan. Motion carried.
White River	Water Line for Irrigation of Public Recreational Grounds	Motion by Greenfield, seconded by Bollweg, not to place White River on Facilities Plan. Motion carried.
Yankton	23 rd Street Watermain Project	Motion by Greenfield, seconded by Bollweg, to place Yankton on Facilities Plan. Motion carried.

NOVEMBER 13, 1998, 8:30 A.M. CST

Chairman Lowrie called the meeting back to order.

DRAFT SRF RULES REVISIONS: Mike Perkovich appeared before the board requesting board authorization to begin the formal rules revision process for both the Clean Water SRF and the Drinking Water SRF programs.

The proposed changes for the Clean Water SRF are:

Amend ARSD 74:05:08:18 to allow the board to adjust the interest rates at any board meeting as long as it has been included on the posted agenda. This would allow the board to adjust rates during the year so that they remain competitive.

The other change would add section 74:05:08:23 to give the communities participating in the Municipal Water Pollution Prevention Program a one percent lower interest rate on up to \$250,000 in loan assistance. This will provide a financial incentive for communities to participate in the MWPP program.

The proposed changes for the Drinking Water SRF are:

In 74:05:11:01 Definitions, we amend (2) Affordability Criteria to be consistent regarding the different rates for municipalities and sanitary districts and the rural water rate.

In 74:05:11:10, The disadvantaged community criteria was modified to a rate of \$20 or more for municipalities and sanitary districts and a rate of \$50 or more for rural water systems.

The next changes are in 74:05:11:06 project priority rating system. The changes in subsection (3) regionalization of facilities allow points to be assigned regardless of whether the applicant is the larger entity or the entity consolidating with the larger entity. In subsections (9) and (10), low pressure problems are clarified with regard to the points assigned for transmission line replacement and storage projects.

The priority list bypass procedure (ARSD 74:05:11:07) is amended to reflect the language negotiated with EPA as a condition to the state's DW SRF capitalization grants. In ARSD 74:05:11:10, a reference to the rule for approval of plans and specifications is corrected.

ARSD 74:05:11:17 is amended to allow the board to adjust interest rates at any board meeting if this action has been included on the posted agenda. Again, this is to allow the board to adjust interest rates during the program year to remain competitive.

Finally, ARSD 74:05:11:18 is amended to allow a disadvantaged loan to be awarded to an eligible applicant acting on behalf of the disadvantaged community.

Mr. Perkovich answered questions from the board. Mr. Greenfield suggested changes to Sections 74:05:08:18 and 74:05:11:17 that would clarify when the board can adjust interest rates.

Motion by Greenfield, seconded Bollweg, to initiate the process for the public hearing for the rule changes. Motion carried.

CITY OF BRANDON DRINKING WATER SRF (01) LOAN APPLICATION: Jim Wendte reported that in February of 1998 the board awarded the city of Brandon a \$1,600,000 Drinking Water SRF loan to drill a new well and construct a water treatment plant in the community. After receiving bids that were well in excess of the estimated costs, they determined that they would need additional assistance to complete their project. At the board's September meeting, the city of Brandon asked that the board rescind their first SRF loan so that they could submit a new and larger loan request. Since the first loan was not closed, it was possible to rescind the loan, and the board did grant that request.

The city of Brandon is now applying for a Drinking Water SRF loan in the amount of \$1,950,000.

Ms. Forney reported that this would be the city of Brandon's first Drinking Water SRF loan. The term of the loan is \$1.95 million for 20 years at 5 percent interest. Net revenues available for debt service will be 112.21 percent of total debt service, which is above what is required by the program. The staff requests approval of the loan contingent upon the environmental review process being completed.

Motion by Kennedy, seconded by Kleinsasser, to approve Resolution #98-87 granting the loan to Brandon. Motion carried.

MINA LAKE DRINKING WATER SRF (01) LOAN APPLICATION: Mr. Wendte reported that the Mina Lake Sanitary District has applied for a Drinking Water SRF loan in the amount of \$255,200.

The sanitary district currently receives water from the WEB Rural Water System. Because of the increased usage of the sanitary district and expansion of the WEB system, WEB is unable to supply sufficient water and adequate pressure during peak demand times. Therefore the sanitary district is proposing to construct a 150-foot, 150,000-gallon water tower. WEB will continue to supply water to the sanitary district.

Ms. Forney reported that this would be Mina Lake Sanitary District's first Drinking Water SRF loan. The term of the loan is for \$255,200 for 20 years at 5 percent interest. Water revenues have been pledged toward repayment of the loan. Anticipated loan coverage is 112.3 percent.

Daniel Ostrander of Mina Lake discussed the project and answered questions for the board.

Motion by Bollweg, seconded by Kennedy, to approve Resolution #98-88 to grant a Drinking Water SRF loan to Mina Lake Sanitary District. Motion carried.

SET CONSOLIDATED WATER FACILITIES CONSTRUCTION PROGRAM LOAN RATES: Jim Feeney reported that in the Consolidated Water Facilities Construction Program the board has the ability to give loans. In 1993, the board established a policy of setting those rates consistent with the SRF rates. The current Consolidated rates are 4.5 percent for 10 years, 5 percent for 15 years, and 5.25 percent for 20 years. In September, the board adjusted the SRF program rates. Staff has provided two Consolidated Program interest rate alternatives for consideration. The first option maintains rates for the consolidated program identical to those charged in the SRF programs. The second simplifies the consolidated program rates by setting a single interest rate of 5 percent for any term up to a maximum of 20 years.

Motion by Kennedy, seconded by Greenfield, to adopt Resolution #98-89 setting the Consolidated Water Facilities Construction Program interest rates at five percent for a term not to exceed the useful life of the project or 20 years, whichever is less. Motion carried.

CITY OF WAUBAY SOLID WASTE AMENDMENT: Gayleen Lowe reported that the board awarded a solid waste grant to the city of Waubay in December 1996 to construct a community drop-off recycling center.